



Emefcy Group Limited (ASX: EMC) Signs Key Agreements, for a High-Volume Chinese Production Facility Project in Jiangsu Province

August 17, 2016

Melbourne, Australia and Caesarea, Israel: The Directors of Emefcy Group Limited (ASX: EMC) (“Emefcy” or the “Company”) are pleased to announce the signing of three key agreements, which collectively will help to enable the Company’s plans to establish a Company owned and operated state of the art high-volume manufacturing facility in the Chinese province of Jiangsu. The first production line (Phase 1) is due to be completed and installed by mid-2017 and is anticipated to support up to A\$100 million in product sales annually. When fully implemented, this facility is anticipated to support up to A\$400 million in annual turnover and provide the majority of the Company’s global manufacturing needs for its MABR based wastewater treatment solutions. The Company anticipates the capital cost of the production line (Phase 1) to be approximately A\$1.5 million inclusive of logistics and installation costs.

New High-Volume China Production Line Development Agreement

The Company has entered into a binding agreement with a leading precision equipment manufacturer to design and build the main production line for Emefcy’s China production plant. The high volume manufacturing line is based on the Company’s current proprietary process design in place in Israel, and the equipment vendor chosen for this project is the same group that successfully delivered Emefcy’s current production line in Israel.

The new line is anticipated to be significantly faster and easier to operate and support sales of nearly A\$100 million per year. To ensure operational efficiency the new production line is scheduled to be delivered and debugged in Israel first. The Company’s Chinese manufacturing team will undergo a comprehensive training program in Israel before shipping the production line components to China. The manufacturing line is anticipated to be in place in China by the second quarter of calendar 2017. The equipment will be designed with process flexibility to accommodate the Company’s Chinese-sourced MABR components.

Production Facility Agreements

Emefcy has signed an agreement to join the Changzhou Industrial Park in Jiangsu province, located an hour’s train journey from Shanghai. The multi-year agreement includes a non-dilutive incentive package from the provincial government.

Emefcy has further signed a lease agreement on a production facility including 3,200 square metres of floor space, sufficient to accommodate four production lines, which are anticipated to enable Emefcy to rapidly increase production to meet potential annual demand of up to A\$400 million from this facility



alone. The lease period is four years commencing on February 10th 2017, to enable staff training and site preparation during the first quarter of calendar 2017 and anticipated arrival of the new China production line in the second quarter of calendar 2017.



Picture of the leased premises in Changzhou Industrial Park

The Company is currently in the process of incorporating a wholly owned mainland China subsidiary, and is working with its strategic Chinese advisors to establish a reliable supply chain and ensure that regulatory approvals necessary to commence manufacturing are achieved on a timely basis.

“We are very pleased to sign these key agreements which we anticipate can put China manufacturing capacity in place on or ahead of our recently published goals for China,” said Richard Irving, Executive Chairman of Emefcy. “This manufacturing facility supports the anticipated surge demand in China and elsewhere. Meanwhile our carefully developing supply chain agreements, whereby our suppliers share a significant portion of the inventory risk, will ensure that the anticipated growth will have manageable impact on our working capital. We expect to be taking orders and shipping plants in China by the end of next calendar year.”

“We are pleased to again work with a proven, dependable and local supplier for production machinery” said Eytan Levy, CEO of Emefcy. “Meanwhile the state of the art production facility in China meets international quality levels and is very cost-effective, taking into account the government incentive package we have been able to negotiate. These will go a long way to helping us meet Chinese and global demand for Emefcy’s products.”

About Emefcy Group Limited

Emefcy develops, manufactures and markets new, energy-efficient MABR based wastewater treatment solutions, aiming to change the economics of various markets and addressing the growing global demand for clean water in municipal and industrial plants.

Emefcy’s advanced manufacturing facility in Israel is equipped with state of the art production machinery, enabling the company to control the quality and meet the quantity requirements of its markets outside of China.



With several global innovation awards and a strong scientific background, Emefcy is at the forefront of the next generation of MABR based wastewater treatment. Customer contracts have already been signed in Israel, US Virgin Islands, Ethiopia, and as was recently announced, in China as well. Additional MABR-based wastewater solutions from Emefcy's extensive R&D operations are scheduled to be announced in the coming year.

Emefcy Group Limited (ASX: EMC) is a public company traded on the Australian Stock Exchange.

Visit our website: www.emefcy.com

Any forward-looking statements in this announcement are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management.

For further information, please contact:

USA

Richard Irving, Executive Chairman
E: richard@emefcygroup.com T: +1 408 382 9790

Israel

Eytan Levy, Managing Director & CEO
E: eytan@emefcygroup.com T: +972 4-6277555

Australia

Ross Kennedy, Company Secretary and Advisor to the Board
E: rossk@emefcygroup.com T: +61 409 524 44